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Message Text

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E.O. 11652: N/A
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SUBJ: BUDGET FOR 1977.

1. SUMMARY. 1977 PUBLIC SECTOR BUDGET CALLS FOR 38.9 PERCENT INCREASE IN SPENDING TO 616.3 BILLION PESOS. THIS SAID TO BE A SLIGHT INCREASE IN REAL TERMS. NET NEW FINANCING REQUIREMENT IS 126.8 BILLION PESOS. END SUMMARY.

2. SECRETARIES OF PRESIDENCY ANDTREASURY PRESENTED 1977 PUBLIC SECTOR BUDGETIN PRESS CONFERENCE AT NOON, DECEMBER 15. THIS IS A PRELIMARY REPORT.

3. TOTAL BUDGETED SPENDING FOR 1977 IS 616.3 BILLION PESOS, UP 38.9 PERCENT FROM 1976 LEVEL. THIS IS SAID TO BE A SLIGHT INCREASE IN REAL SPENDING. WE PRESUME, BUT HAVE NOT CONFIRMED THAT PRICE DEFLATOR ASSUMED TO BE 35 PERCENT. CURRENT SPENDING IS UP 31.5 PERCENT TO 374.3 BILLION PESOS. CAPITAL SPENDING UP 46.8 PERCENT, TO 147.8 BILLION PESOS.

4. SECTORAL BREAKDOWN IN PERCENT IS AS FOLLOWS: AGRICULTURE, 16.8; INDUSTRIAL, 33.3; SOCIAL DEVELOPMENT 21.8, TRANSPORTATION AND COMMUNICATIONS, 7.3, TOURISM 0.4, ADMINISTRATION 20.4. THE BIGGEST INCREASES ARE FOR INDUSTRIAL DEVELOPMENT AND ADMINISTRATION; THE LATTER INCLUDES DEBT SERVICING. EXCHANGE RATE OF 22.50 USED FOR CALCULATING FOREIGN DEBT SERVICING
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5. THE PROPOSED INCOME LAW DOES NOT SEEM TO INCLUDE ANY MAJOR TAX CHANGES, THOUGH SEPARATE LEGISLATION IS SAID TO BE FORTHCOMING, PERHAPS BY WEEKEND. PRESS TOLD THERE WOULD NOT BE ANY MAJOR TAX CHANGES, EXCEPT FOR ADJUSTMENT OF INCOME TAX RATES.

6. TOTAL REVENUUES ARE PROJECTED AT 677.4 BILLION PESOS. (NOTE THAT 61.1 BILLION PESOS OF THESE ARE CONSIDERED OFFSETTING OPERATIONS AND NOT INCLUDED IN EXPENDITURE FIGURE.) MAJOR SOURCES OF INCOME ARE AS FOLLOWS: INCOME TAX 76.6 BILLION PESOS; TAXES ON PRODUCTION AND COMMERCE 42.9 BILLION PESOS; SALES TAX 40.6 BILLION; IMPORT TAXES 17.3 BILLION PESOS; EXPORT TAXES, 13.1 BILLION PESOS; SOCIAL SECURITY TAXES, 37.0 BILLION PESOS; REVENUES OF DECENTRALIZED AGENCIES AND GOM-OWNED ENTERPRISES 205 BILLION PESOS. FEDERAL GOVERNMENT BORROWING IS TO YIELD 135.4 BILLION PESOS AND OTHER PUBLIC SECTOR BORROWING 85.6 BILLION PESOS. THIS TOTAL PUBLIC SECTOR GROSS BORROWING OF 221 BILLION IS REDUCED TO THE NET NEW FININCING REQUIREMENT OF 126.8 BILLION BY DEDUCTING AMORTIZATION PAYMENTS OF 74.7 BILLION PESOS AND 19.6 BILLION PESOS FOR FUNDS COMMITTED IN 1977, BUT EXPENDED IN 1978. THERE ARE TWO PUBLIC DEBT AMORTIZATION FIGURES. ONE IS 74.7 BILLION AND ANOTHER IS 94.3 BILLION. SHOULD THE LATTER FIGURE BE ACCURATE, THEN THE NET NEW FINANCING REQUIREMENT WOULD BE 20 BILLION LESS.

7. THERE WERE NO TABLES FOR 1976 IN THE BUDGET DOCUMENT, MAKING YEAR TO YEAR COMPARISONS DIFFICULT.
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